

Bidding Procedures

Set forth below are the bidding procedures (the “Bidding Procedures”) to be employed with respect to the transactions contemplated by the following Purchase and Sale Agreement (“PSA”) between Brooklyn Renaissance LLC (the “Seller”) and JJC Real Estate LLC (“Purchaser”), dated August 30, 2015 for the sale of 555-557 Union Street, Brooklyn, New York. (the “Property”).

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the PSA. In the event of any inconsistency between the provisions of these Bidding Procedures and the provisions of the PSA, these procedures shall control. Any person or entity interested in the specific terms of the Sale (defined below) should refer to the PSA, copies of which are available from counsel to the Seller, DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, One North Lexington Avenue, 11th Floor, White Plains, New York 10601, Attention: Jonathan S. Pasternak, Esq. or Erica R. Feynman, Esq., Telephone: (914) 681-0200, Facsimile: (914) 684-0288, email: jpasternak@ddw-law.com or eaisner@ddw-law.com.

The Seller has determined that: (A) the transactions contemplated by the PSA (such transactions being referred to collectively as the “Sale”) shall be subject to competitive bidding as set forth in these Bidding Procedures; (B) the transfer of the Seller’s rights, title and interests in and to the Property (as defined below) shall be subject to approval by the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”) pursuant to Section 363 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended (the “Bankruptcy Code”); and (C) the Sale shall be subject to such other closing conditions and other terms and conditions as are set forth in the PSA.

Bidding Process

These Bidding Procedures describe, among other things, the Property available for sale, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property, the manner in which bids become Qualified Competing Bids (as defined below), the receipt and negotiation of bids received, the conduct of any Auction (as defined below), the ultimate selection of the Successful Bidder (as defined below), and the Bankruptcy Court’s approval thereof (collectively, the “Bidding Process”).

Assets To Be Sold

The improved real property located at **555-557 Union Street, Brooklyn, New York.**

Notice And Solicitation Of Bids

Within three (3) Business Day following the entry of the Bidding Procedures Order or as soon as reasonably practicable thereafter, the Seller may provide notice of the Sale, the Bidding Procedures, the time and place of the Auction (as defined below), the time and place of the Sale Hearing (as defined below), and the objection deadline for the Sale Hearing to potential bidders who may wish to participate in the Bidding Process by submitting higher and better offers (“Competing Bids”) to purchase the Property.

Any person or entity other than the Purchaser, that desires to submit a Competing Bid (a “Bidder”) must do so in writing, provided that such Competing Bid satisfies all of the requirements for Qualified Competing Bids (as set forth below) and is received by Seller’s counsel by **November 17, 2015**

not later than 10:00 a.m. (ET) (the “Bid Deadline”) (unless the Seller agrees to an extension): Seller’s counsel: DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, Attention: Jonathan S. Pasternak, Esq., One North Lexington, 11th Floor, White Plains, NY 10604.

Qualified Competing Bids

To be considered a qualified Competing Bid (a “Qualified Competing Bid”), each Competing Bid must be received by the Bid Deadline and must comply with all of the following requirements:

- (a) it is in writing, clearly designates which Property or Properties to which the bid relates and is irrevocable through a closing of the sale of the Property;
- (b) it includes a duly authorized and executed asset purchase agreement substantially in the form of the PSA with all exhibits thereto, as well as copies of such materials marked to show any amendments and modifications to the PSA (the “Marked Agreement”) and a marked copy of the proposed order to approve the Sale by the Bankruptcy Court;
- (c) it provides for a cash purchase price for the Property, expressed in U.S. Dollars, of not less than \$3,879,000 (“Initial Overbid”);
- (d) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Seller to make a reasonable determination as to the Bidder’s financial and other capabilities to consummate the transaction contemplated by the Marked Agreement;
- (e) it is not conditioned on any contingencies, such as, without limitation: (i) the outcome of unperformed due diligence by the Bidder, and/or (ii) obtaining financing;
- (f) it includes an acknowledgement and representation that the Bidder: (i) has had an opportunity to conduct any and all required diligence regarding the Property prior to making its offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; (iii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Property or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Marked Agreement; and (iv) is not entitled to any expense reimbursement or break-up fee in connection with its bid;
- (h) if the bidder is not an individual, it includes evidence, in form and substance reasonably satisfactory to the Seller, of authorization and approval from the Bidder’s board of directors (or comparable governing body) with respect to the submission, execution, delivery, and closing of the Marked Agreement; and
- (i) it is accompanied by a good faith deposit in the form of a wire transfer (to a bank account specified by the Seller), certified check or such other form acceptable to the Seller, payable to the order of the Seller (or such other party as the Seller may determine) in an amount equal to ten (10%) percent of the Initial Overbid (see subsection (c) above).

For the avoidance of doubt, and notwithstanding the foregoing, any overbid submitted by the Purchaser at any Auction on substantially the same terms as its initial offer (apart from any increase in price) shall be a Qualified Competing Bid.

Auction

If the Seller receives one or more Qualified Competing Bids on the Property in addition to the PSA, the Seller will conduct an auction (the "Auction") of the Property to select the highest or best bid for the Property (the "Successful Bid"). The Auction, which shall be transcribed or recorded to the extent required under New York local practice, shall be held at **11:00 a.m. (prevailing Eastern time) on November 17, 2015**, at United States Bankruptcy Court, Eastern District of New York, 271-C Cadman Plaza East, Brooklyn, New York 11201, Room 3554, or such other location as shall be timely communicated to all entities entitled to attend the Auction.

The initial bid at the Auction shall be the highest or otherwise best bid, as determined by the Seller in its reasonable discretion, as among the Purchaser's bid and any Qualified Competing Bids, and such initial bid shall be announced to the Purchaser and any other Bidder submitting a Qualifying Competing Bid at the commencement of the Auction. Any subsequent bidding for the Property at the Auction shall be in increments of at least Twenty Five Thousand Dollars (\$25,000.00) or any higher reasonable amount established by the Seller at the Auction.

At the conclusion of the Auction, the Seller shall submit the Successful Bid to the Court at the Sale Hearing (as defined below), for entry of a Sale Approval Order as well as the Back-Up Bidder. Any Bid that fails to comply with the Bidding Procedures or any other procedures established at the Auction may be refused.

If no Qualified Competing Bids are received, the Seller and the Purchaser intend to seek immediate Court approval of the PSAs without conducting an Auction.

Selection Of Successful Bid

Prior to the conclusion of the Auction, the Seller will (a) review and evaluate the Purchaser's bid and each Qualified Competing Bid, (b) identify the highest or otherwise best offer for the Property received at the Auction (such bid, the "Successful Bid" and the bidder making such bid, the "Successful Bidder") and (c) communicate to the Purchaser and the Qualified Competing Bidders the identity of the Successful Bidder and the details of the Successful Bid as well as the identity of the Bank-Up Bidder and the details of the Back-Up Bid. The determination of the Successful Bid by the Seller shall be final, subject to approval by the Bankruptcy Court.

The Seller will sell the Property to the Successful Bidder pursuant to the terms of the Successful Bid upon the approval of such Successful Bid by the Bankruptcy Court at the Sale Hearing.

If, following the entry of the Sale Approval Order, the Successful Bidder fails to consummate the Sale because of a breach or failure to perform on the part of the Successful Bidder, the highest or otherwise best bid ("Back-Up Bid") will be deemed the new Successful Bid and bound to consummate the transaction, and the Seller will be authorized, but not required, to consummate the Sale with the bidder who submitted the Back-Up Bid without further order of the Court. In such case, the good faith deposit of the Successful Bidder shall be forfeited to the Seller and the Seller shall have the right to seek any and all other remedies and damages from the defaulting Successful Bidder to the extent permissible under the applicable purchase agreement and applicable law.

The deposits submitted with all Bids, other than that of the Successful Bidder and the Back-Up Bidder shall be returned by the Seller in no more than two (2) business days.

Sale Hearing

A hearing to approve the sale of the Property to the Purchaser or other Successful Bidder will be held on November 18, 2015 at 3:00 p.m. before the United States Bankruptcy Court for the Eastern District of New York, located in Brooklyn, New York (the "Sale Hearing").

If no Qualified Competing Bids are timely submitted and no objections to the proposed sale are timely received, the Court may enter the Sale Approval Order without holding a Sale Hearing. If timely objections to the proposed transaction are received, then the Seller will seek Court approval at a Sale Hearing.

Free Of Any And All Liens, Claims, Interests, and Encumbrances

All of the rights, title, and interests of the Seller in and to the Property, or any portion thereof, to be acquired will be sold, conveyed, transferred, and assigned free and clear of all Liens, Claims, Interests, and Encumbrances pursuant to Sections 363 of the Bankruptcy Code, such Liens, Claims, Interests, and Encumbrances to attach to the net proceeds of the sale of such Property in the same nature, extent, and validity and priority as existed at the time of filing of the Chapter 11 case.